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Transcript Exhibit(s)

Docket #(s): W-01898A-06-0326

W-20460A-06-0326

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Exhibit #: S-1, A-1

Arizona Corporation Commission
DOCKETED

DEC 18 2006

DOCKETED BY	nr
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Chukwu

MEMORANDUM

TO: Docket Control

FROM: Ernest G. Johnson *EGJ*
Director
Utilities Division

Date: November 13, 2006

RE: STAFF REPORT FOR HAROLD & MARY FRARER DBA F & F WATER COMPANY – APPLICATION FOR APPROVAL OF THE SALE OF ITS ASSETS AND TRANSFER OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY FOR WATER SERVICE TO ST. DAVID SPRINGS, L.L.C. (DOCKET NO. W-01898A-06-0326 AND W-20460A-06-0326)

Attached is the Staff Report for Harold & Mary Frarer dba F & F Water Company application for approval of the sale of its assets and transfer of its Certificate of Convenience and Necessity for water service to St. David Springs, L.L.C., an Arizona Limited Liability Company. Staff is recommending approval with conditions.

EGJ:BNC:tdp

Originator: Blessing Chukwu

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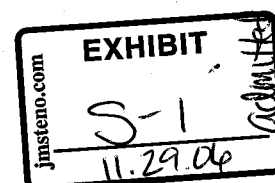
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AZ CORP COMM
Director Utilities

AZ CORP COMMISSION
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Service List for: Harold & Mary Frarer dba F & F Water Company
Docket No. W-01898A-06-0326 and W-20460A-06-0326

Mr. & Mrs. Harold Frarer
Harold & Mary Frarer dba F & F Water Company
3692 S. Curtis Flats Road
St. David, Arizona 85630

Mr. Michael McNulty
Lewis and Roca
One South Church Avenue, Suite 700
Tucson, Arizona 85715

Mr. Christopher C. Kempley
Chief, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Mr. Ernest G. Johnson
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Ms. Lyn Farmer
Chief, Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

HAROLD & MARY FRARER DBA F & F WATER COMPANY

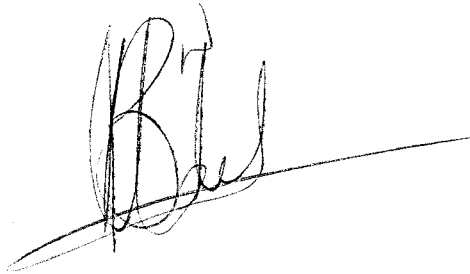
DOCKET NOS. W-01898A-06-0326 AND W-20460A-06-0326

APPLICATION FOR APPROVAL OF THE SALE OF ITS ASSETS AND TRANSFER
OF ITS CERTIFICATE OF
CONVENIENCE AND NECESSITY TO ST. DAVID SPRINGS, L.L.C.

NOVEMBER 13, 2006

STAFF ACKNOWLEDGMENT

The Staff Report for Harold & Mary Frarer dba F & F Water Company (Docket Nos. W-01898A-06-0326 and W-20460A-06-0326) was the responsibility of the Staff members signed below. Blessing Chukwu was responsible for the review and analysis of the Company's application. Del Smith was responsible for the engineering and technical analysis.

A handwritten signature in black ink, appearing to read 'B. Chukwu', with a long horizontal line extending to the right.

Blessing Chukwu
Executive Consultant

A handwritten signature in black ink, appearing to read 'Del Smith', with a long horizontal line extending to the right.

Del Smith
Utilities Engineer Supervisor

EXECUTIVE SUMMARY
HAROLD & MARY FRARER DBA F & F WATER COMPANY
DOCKET NOS. W-01898A-06-0326 AND W-20460A-06-0326

On May 10, 2006, Harold & Mary Frarer dba F & F Water Company ("F & F" or "Company" or "Transferor") filed an application with the Arizona Corporation Commission ("ACC" or "Commission") for approval of the sale of its assets and transfer of its Certificate of Convenience and Necessity ("CC&N") to St. David Springs, L.L.C. ("St. David" and "Transferee"), an Arizona Limited Liability Company. On September 28, 2006, Staff filed a Sufficiency Letter indicating that the application had met the sufficiency requirements of the Arizona Administrative Code.

F & F is a partnership that provides water utility service to two customers, in Cochise County, Arizona. By this application, the Company is seeking Commission approval of the sale of its assets and transfer of its CC&N to St. David Springs, L.L.C., an Arizona Limited Liability Company, in good standing with the Commission's Corporation Division. F & F's service area is located approximately ten miles southeast of Benson. The Company's CC&N covers an area of approximately 40 acres in the southeast quarter of Section 28 in Township 18 South, Range 21 East. Staff has been informed that St. David intends to develop the area within the CC&N and will be installing a new water system to serve the CC&N.

Staff recommends the Commission approve F & F's application for approval of the sale of its assets and transfer of its CC&N for water service, within portions of Cochise County, Arizona, to St. David, subject to compliance with the following conditions:

1. To require St. David to charge F & F's authorized rates and charges in the transfer area.
2. To require St. David to read its well meter and individual customer meters on a monthly basis so as to accurately complete the attached plant summary and water use data sheets. The completed plant summary and water use data sheets shall be filed with Docket Control as a compliance item in this case within 12 months of the effective date of the Decision in this matter.
3. To require St. David to file a curtailment tariff within 45 days of the effective date of the Commission's Decision in this matter. The tariff shall be docketed as a compliance item under this docket number for the review and certification of Staff. The tariff shall generally conform to the sample tariff found on the Commission's website at www.cc.state.az.us/utility/forms/Curtailment-std.pdf. St. David may need to make minor modifications to the sample tariff according to their specific management, operational, and design requirements as necessary and appropriate.
4. To require St. David to file a rate application no later than six-months following the fifth anniversary of the effective date of the Decision in this matter.

Staff further recommends that the Commission's Decision granting the approval for the sale of assets and transfer of CC&N to St. David be considered null and void, after due process, should St. David fail to meet Condition No. 2, 3, and 4 listed above within the time specified.

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Introduction

On May 10, 2006, Harold & Mary Frarer dba F & F Water Company ("F & F" or "Company" or "Transferor") filed an application with the Arizona Corporation Commission ("ACC" or "Commission") for approval of the sale of its assets and transfer of its Certificate of Convenience and Necessity ("CC&N") to St. David Springs, L.L.C. ("St. David" or "Transferee"), an Arizona Limited Liability Company.

On June 9, 2006, the ACC Utilities Division ("Staff") filed an Insufficiency Letter, indicating that the Company's application did not meet the sufficiency requirements of Arizona Administrative Code ("A.A.C.") R14-2-402(C). A copy of the Insufficiency Letter was sent to the Company via U.S. mail. In the Letter, Staff listed the deficiencies that needed to be cured for administrative purposes.

On July 31, 2006, August 9, 2006, September 1, 2006, and September 14, 2006, the Company provided additional documentation to support its relief requested.

On September 28, 2006, Staff filed a Sufficiency Letter indicating that the application had met the sufficiency requirements of the A.A.C.

Background

F & F is a partnership that provides water utility service to two customers, in Cochise County, Arizona. The Commission granted the Company a CC&N in Decision No. 46638, issued on December 31, 1975, in Docket No. U-1898. The Company's CC&N covers an area of roughly 40 acres in the southeast quarter of Section 28 in Township 18 South, Range 21 East.

The Water System

Complete water company plant description data is not available for the Company's water system. According to F & F, the system consists of one well¹, one 10,000 gallon storage tank, one pressure tank and a distribution system serving two metered connections. Staff believes that the system has adequate production and storage capacity. However, Staff was not able to verify this because of the lack of sufficient plant and water use data.

Staff has been informed by F & F that it has not been reading its well meter or customer meters on a regular basis. In addition to being required for customer billing purposes this information is also necessary in determining if the system has unacceptable water loss. Staff recommends that the Transferee be required to read its well meter and individual customer meters on a monthly basis so as to accurately complete the attached plant summary and water use data sheets. Staff further recommends that the completed plant summary and water use data

¹ The well is equipped with a ¾ inch well meter and 12 inch casing to a depth of approximately 300 feet. Pump yield data for the well could not be provided. The well pump is powered by a gasoline engine which is operated as needed to fill the storage tank.

sheets be filed with Docket Control as a compliance item in this case within 12 months of the effective date of the Decision in this matter.

The Transaction

F & F provides water service to two metered water connections² in Cochise County, Arizona. By this application, the Company is seeking Commission approval of the sale of its assets and transfer of its CC&N to St. David Springs, L.L.C., an Arizona Limited Liability Company, in good standing with the Commission's Corporation Division. F & F's service area is located approximately ten miles southeast of Benson. The Company's CC&N covers an area of approximately 40 acres in the southeast quarter of Section 28 in Township 18 South, Range 21 East. Staff has been informed that St. David intends to develop the area within the CC&N and will be installing a new water system to serve the CC&N. St. David Water Improvement District, a non-jurisdictional entity, serves an area approximately two miles north of the F & F's CC&N.

According to the application, there are no refunds due on customer security deposits; meter and line installations; nor any main extension agreements.

Arizona Department of Environmental Quality ("ADEQ") Compliance

The F & F Water system is not regulated by ADEQ because it is a semi-public system.

Arizona Department of Water Resources ("ADWR") Compliance

The Company is not located in an Active Management Area ("AMA") and subsequently is not subject to ADWR reporting and conservation rules.

ACC Compliance

A check of the Utilities Division compliance database indicated that there were no delinquent compliance items for F & F.³

Arsenic

The U.S. Environmental Protection Agency ("EPA") has reduced the arsenic maximum contaminant level ("MCL") in drinking water from 50 micrograms per liter ("µg/l") or parts per billion ("ppb") to 10 µg/l. The date for compliance with the new MCL is January 23, 2006. Since F & F is a semi-public system, the arsenic requirement does not apply.

² See Company's responses, docketed September 1, 2006, to Staff's 1st Insufficiency letter.

³ Per Compliance Section email dated May 26, 2006.

Curtailment Plan Tariff

A Curtailment Plan Tariff ("CPT") is an effective tool to allow a water company to manage its resources during periods of shortages due to pump breakdowns, droughts, or other unforeseeable events.

F & F does not have a CPT. Therefore, Staff recommends that the Transferee file a curtailment tariff within 45 days of the effective date of the Commission's Decision in this matter. The tariff shall be docketed as a compliance item under this docket number for the review and certification of Staff. Staff further recommends that the tariff shall generally conform to the sample tariff found on the Commission's website at www.cc.state.az.us/utility/forms/Curtailment-std.pdf. Staff recognizes that the Transferee may need to make minor modifications to the sample tariff according to their specific management, operational, and design requirements as necessary and appropriate.

Proposed Rates

St. David will provide water service to the transfer area under F & F's authorized rates and charges.

County Franchise

Every applicant for a CC&N and/or CC&N Transfer is required to submit to the Commission evidence showing that the applicant has received the required consent, franchise or permit from the proper authority. If the applicant operates in an unincorporated area, the company has to obtain the franchise from the County. If the applicant operates in an incorporated area of the County, the applicant has to obtain the franchise from the City/Town.

On October 11, 2006, the Transferee filed, in the docket, a copy of its Cochise County franchise agreement.

Recommendations

Staff recommends the Commission approve F & F's application for approval of the sale of its assets and transfer of its CC&N for water service, within portions of Cochise County, Arizona, to St. David, subject to compliance with the following conditions:

1. To require St. David to charge F & F's authorized rates and charges in the transfer area.
2. To require St. David to read its well meter and individual customer meters on a monthly basis so as to accurately complete the attached plant summary and water use data sheets. The completed plant summary and water use data sheets shall be filed with Docket Control as a compliance item in this case within 12 months of the effective date of the Decision in this matter.

3. To require St. David to file a curtailment tariff within 45 days of the effective date of the Commission's Decision in this matter. The tariff shall be docketed as a compliance item under this docket number for the review and certification of Staff. The tariff shall generally conform to the sample tariff found on the Commission's website at www.cc.state.az.us/utility/forms/Curtailment-std.pdf. St. David may need to make minor modifications to the sample tariff according to their specific management, operational, and design requirements as necessary and appropriate.
4. To require St. David to file a rate application no later than six-months following the fifth anniversary of the effective date of the Decision in this matter.

Staff further recommends that the Commission's Decision granting the approval for the sale of assets and transfer of CC&N to St. David be considered null and void, after due process, should St. David fail to meet Condition No. 2, 3, and 4 listed above within the time specified.

MEMORANDUM

DATE: October 3, 2006

TO: Blessing Chukwu

FROM: Del Smith *DS*

RE: Application of Harold & Mary Frarer dba F & F Water Company for Approval of the Sale of its Assets and Transfer of its Certificate of Convenience and Necessity (Docket Nos. W- 01898A-06-0326 and W-20460A-06-0326)

Introduction

On May 10, 2006, Harold & Mary Frarer ("the Applicants") dba F & F Water Company ("F & F Water" or "the Company") filed an application with the Arizona Corporation Commission ("ACC" or "Commission") for approval of the sale of its assets and transfer of its Certificate of Convenience and Necessity ("CC&N") to provide water service in Cochise County, Arizona. The purpose of this Application is to transfer the assets and the CC&N from the Applicants to St. David Springs, L.L.C ("St. David"). F & F Water's service area is located approximately ten miles southeast of Benson. The Company has two metered water connections.¹ The Commission granted the Company a CC&N in Decision No. 46638 dated December 31, 1975. The Company's CC&N covers an area of roughly 40 acres in the southeast quarter of Section 28 in Township 18 South, Range 21 East. Staff has been informed by the Applicants that the new owner intends to develop the area within the CC&N and will be installing a new water system to serve the CC&N. St. David Water Improvement District, a non-jurisdictional entity, serves area approximately two miles north of the Company's CC&N.

F & F Water System

Complete water company plant description data is not available for the Company's water system. According to the Applicants the system consists of one well², one 10,000 gallon storage tank, one pressure tank and a distribution system serving two metered connections. Staff believes that the system has adequate production and storage capacity however Staff was not able to verify this because of the lack of sufficient plant and water use data.

¹ See Company's responses, docketed September 1, 2006, to Staff's 1st Insufficiency letter.

² The well is equipped with a ¾ inch well meter and 12 inch casing to a depth of approximately 300 feet. Pump yield data for the well could not be provided. The well pump is powered by a gasoline engine which is operated as needed to fill the storage tank.

Staff has been informed by the Applicants that F & F Water has not been reading its well meter or customer meters on a regular basis. In addition to being required for customer billing purposes this information is also necessary in determining if the system has unacceptable water loss. Staff recommends that St. David be required to read its well meter and individual customer meters on a monthly basis so as to accurately complete the attached plant summary and water use data sheets. Staff further recommends that the completed plant summary and water use data sheets be filed with Docket Control as a compliance item in this case within 12 months of the effective date of the Commission's Decision in this matter.

Arizona Department of Environmental Quality ("ADEQ") Compliance

The F & F Water system is not regulated by ADEQ because it is a semi-public system.

Arizona Department of Water Resources ("ADWR") Compliance

F & F Water is not within any Active Management Area, and consequently is not subject to ADWR reporting and conservation rules.

ACC Compliance

A check of the Utilities Division compliance database indicated that there were no delinquent compliance items for F & F Water.³

Curtailment Tariff

A curtailment tariff is an effective tool to allow a water company to manage its resources during periods of shortages due to pump breakdowns, droughts, or other unforeseeable events. Since F & F Water does not have a curtailment tariff, Staff recommends that St. David file a curtailment tariff within 45 days of the effective date of the Commission's Decision in this matter. The tariff shall be docketed as a compliance item under this docket number for the review and certification of Staff. Staff further recommends that the tariff shall generally conform to the sample tariff found on the Commission's website at www.cc.state.az.us/utility/forms/Curtailment-std.pdf. Staff recognizes that the Company may need to make minor modifications to the sample tariff according to their specific management, operational, and design requirements as necessary and appropriate.

³ Per Compliance Section email dated May 26, 2006.

Summary

Conclusions

1. Staff believes that the system has adequate production and storage capacity however Staff was not able to verify this because of the lack of sufficient plant and water use data.
2. The F & F Water system is not regulated by ADEQ because it is a semi-public system.
3. F & F Water is not within any Active Management Area, and consequently is not subject to ADWR reporting and conservation rules.
4. A check of the Utilities Division compliance database indicated that there were no delinquent compliance items for F & F Water.

Recommendations

1. Staff recommends that St. David read its well meter and individual customer meters on a monthly basis so as to accurately complete the attached plant summary and water use data sheets. Staff further recommends that the completed plant summary and water use data sheets be filed with Docket Control as a compliance item in this case within 12 months of the effective date of the Commission's Decision in this matter.
2. Staff recommends that St. David file a curtailment tariff within 45 days of the effective date of the Commission's Decision in this matter. The tariff shall be docketed as a compliance item under this docket number for the review and certification of Staff. Staff further recommends that the tariff shall generally conform to the sample tariff found on the Commission's web site at www.cc.state.az.us/utility/forms/Curtailment-std.pdf.

Company Name:.

ADEQ Public Water System Number:

WATER COMPANY PLANT DESCRIPTION**WELLS**

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (inches)	Meter Size (inches)	Year Drilled

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS

Horsepower	Quantity

FIRE HYDRANTS

Quantity Standard	Quantity Other

STORAGE TANKS

Capacity	Quantity

PRESSURE TANKS

Capacity	Quantity

Company Name:

ADEQ Public Water System Number:

WATER COMPANY PLANT DESCRIPTION CONTINUED

MAINS

Size (in inches)	Material	Length (in feet)
2		
3		
4		
5		
6		
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 x 3/4	
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, please list the utility owned assets in each category.

TREATMENT EQUIPMENT:

STRUCTURES:

OTHER:

WATER USE DATA SHEET

Company Name:

ADEQ Public Water System Number:

MONTH/YEAR (Most recent 12 Months Available)	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED* (Thousands)	GALLONS PURCHASED* (Thousands)
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				
11.				
12.				
TOTAL	N/A			

Is the water utility located in an ADWR Active Management Area ("AMA")?

☐ YES ☐ NO

Does the Company have an ADWR gallons per capita day ("GPCD") requirement?

☐ YES ☐ NO


If Yes, please provide the GPCD amount: _____


Note: If you are filing for more than one system, please provide separate data sheets for each system. For explanation of any of the above, please contact the Engineering Supervisor at 602-542-7277.

** The total of gallons pumped and gallons purchased should not equal or be less than the gallons sold.*

MEMORANDUM

TO: Blessing Chukwu
Executive Consultant III
Utilities Division

FROM: Barb Wells 
Information Technology Specialist
Utilities Division

THRU: Del Smith 
Engineering Supervisor
Utilities Division

DATE: June 19, 2006

RE: **F & F WATER COMPANY (DOCKET NO. W-01898A-06-0326)**
ST. DAVID SPRINGS, LLC (DOCKET NO. W-20460A-06-0326)

F & F has filed an application to transfer their CC#N to St. David Springs.

Attached is a copy of the map for your files.

:bsw

Attachment

cc: Mr. Michael McNulty
Mr. Harold Frarer
Ms. Deb Person (Hand Carried)
File

A detailed map of Township 18 South, showing a grid of sections numbered 1 through 36. The map includes a large black area in the top right corner, a small white area in the top left corner, and a small black area in the bottom right corner. The text "TOWNSHIP 18 South" is written vertically along the right edge of the map.

TR18S21E 24 MAY 2004

APPLICANTS' HEARING EXHIBITS

Regarding the Transfer of the Assets

and the CC&N of

Harold and Mary Frarer, dba F&F Water Company

to

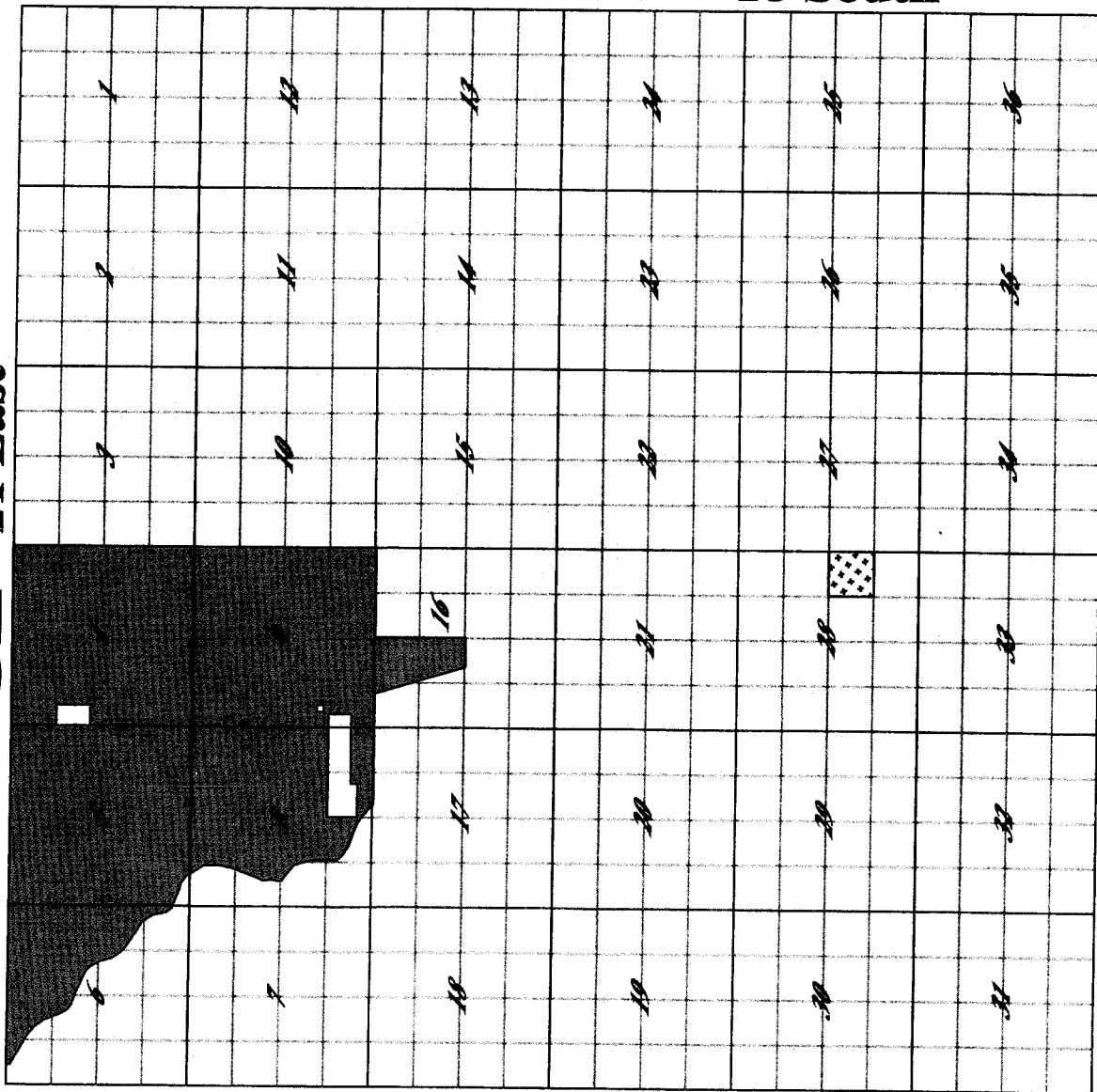
St. David Springs, L.L.C.

November 29, 2006

COUNTY: Cochise

RANGE 21 East

TOWNSHIP 18 South



W-1898 (1)

F & F Water Company



(2)

St. David Water Improvement District (Nonjurisdiction)

F & F Water Company

Docket No. W-01898A-06-0326

Application to transfer to

St. David Springs, LLC

Docket No. W-20460A-06-0326

WATER TARIFF SCHEDULE

UTILITY: F & F Water Company
DOCKET NO. U-1898-00-000

DECISION NO. 35167
EFFECTIVE: 4/ 1/64

RATES AND CHARGES

CUSTOMER/MINIMUM CHARGES PER MONTH

METER	CHARGES	GALLONS
5/8 x 3/4"	\$ 5.00 FOR	5,000
3/4"	\$ 0.00 FOR	0,000
1"	\$ 0.00 FOR	0,000
1 1/2"	\$ 0.00 FOR	0,000
2"	\$ 0.00 FOR	0,000
3"	\$ 0.00 FOR	0,000
4"	\$ 0.00 FOR	0,000
5"	\$ 0.00 FOR	0,000
6"	\$ 0.00 FOR	0,000

SERVICE LINE & METER INSTALLATION CHARGES

METERS	CHARGES
5/8 x 3/4"	\$ 100.00
3/4"	\$ 120.00
1"	\$ 160.00
1 1/2"	\$ 300.00
2"	\$ 400.00
3"	\$ 0.00
4"	\$ 0.00
5"	\$ 0.00
6"	\$ 0.00

COMMODITY CHARGE (EXCESS OF MINIMUM):

\$ 0.00 PER 0 GALLONS - UP TO 0 GALLONS

IN EXCESS OF LIMIT

\$ 0.00 PER GALLON FROM	0- 0,000 GALLONS
\$ 0.00 PER GALLON FROM	0- 0,000 GALLONS
\$ 0.00 PER GALLON FROM	0- 0,000 GALLONS

IN EXCESS OF LIMIT: \$ 0.35 PER 1,000 GALLONS

FLAT RATE \$ 0.00 PER MONTH

SERVICE CHARGES:

1. ESTABLISHMENT (R14-2-403.D.1)	\$N/A
2. ESTABLISHMENT/AFTER HOURS (R14-2-403.D.2)	\$N/A
3. RECONNECTION/DELINQUENT (R14-2-403.D.1)	\$5.00
4. NSF CHECK (R14-2-409)	\$N/A
5. METER REREAD/IF CORRECT (R14-2-403.C.2)	\$2.50
6. METER TEST/IF CORRECT (R14-2-408.F.1)	\$N/A
7. DEFERRED PAYMENT (R14-2-408.F.1)	N/A % PER MO
8. DEPOSIT INTEREST (R14-2-402.B.3)	PER RULE
9. DEPOSIT (R14-2-403.B.7)	PER RULE
10. RE-ESTABLISHMENT W/N 12 MONTHS (R14-2-403-D.1)	\$25.00

OTHER RATES AND CHARGES APPROVED BY ORDER:

IN ADDITION TO THE COLLECTION OF ITS REGULAR RATES AND CHARGES, THE COMPANY SHALL COLLECT FROM ITS CUSTOMERS THEIR PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES OR USE TAX IN ACCORDANCE WITH R14-2-409.D.5.

TARIFF SCHEDULE

TARIFF SHEET NO. 1

UTILITY: HAROLD FRARER MARY FRARER
 DOCKET NO.: U-1898
 TELEPHONE: _____

REPLACES SHEET NO. _____
 DECISION NO. 35167
 EFFECTIVE 4/64

RATES & CHARGES

MONTHLY SERVICE RATE:

<u>MINIMUM</u>	<u>GALLONS</u>	<u>MINIMUM</u>	<u>GALLONS</u>
5/8 x 3/4" \$ 5.00	FOR 5,000	3" \$	FOR
3/4" . . . \$	FOR	4" \$	FOR
1" \$	FOR	5" \$	FOR
1-1 1/2" . . \$	FOR	6" \$	FOR
2" \$	FOR		

\$.35 PER 1,000 GALLONS IN EXCESS OF MINIMUM

SERVICE LINE & METER INSTALLATION CHARGES:

5/8 x 3/4" \$100	1-1 1/2" . . . \$300
3/4" . . . \$120	2" \$400
1" \$160	

SERVICE CHARGES:

ESTABLISHMENT _____	RE-ESTABLISHMENT <u>\$25</u>
AFTER HOUR _____	(Within 12 months)
RECONNECTION \$5.00	NSF CHECK _____
(Delinquent)	DEFERRED PAYMENT _____
METER TEST _____	RE-READ \$2.50
* DEPOSIT _____	

* (If other than provided for in Rules & Regulations)

OTHER CHARGES AS SPECIFIED BY ORDER:

Inventory

One Water Storage Tank – approximately 10,000 gallon
One Water Expansion Tank
One Gas Engine Ford 300 6 cylinder
One Electric Expansion Tank Motor Attached to Water Tank
One Water Gear head Pump Attached to Well & Ford Engine
Four Water Meters, 3 Connected to Homes M2, M3, M4. 4th Meter connected to M1 on possible RV Spaces.

All serial numbers will be provided within 7 days after closing, if requested in writing.

4



NEW APPLICATION

Michael F. McNulty
One South Church Avenue Suite 700
Tucson, Arizona 85701-1611

Direct Dial: (520) 629-4453
Direct Fax: (520) 879-4732
Michael_McNulty@lrlaw.com
Admitted in: Arizona, District of Columbia

Our File Number: 43045-00001

May 9, 2006

VIA DHL

RECEIVED
2006 MAY 10 A 11:28
AZ CORP COMMISSION
DOCUMENT CONTROL

Arizona Corporation Commission
Docket Control - Utilities Division
1200 W. Washington Street
Phoenix, AZ 85007

W-01898A-06-0326

Re: Acquisition of F & F Water Company
W-01898A -

Attached is an original application (plus 13 copies) executed by Harold and Mary Frarer seeking to transfer the assets and CC&N of the F & F Water Company to St. David Springs, L.L.C.

Sincerely,

Michael F. McNulty
Counsel for St. David Springs, L.L.C., Transferee

MFm/hib

Attachment

cc: St. David Springs, L.L.C. w/ attachments

COPY

Cover Sheet

Do Not Use This Space
*Official
Use
Only*

Do Not Use This Space
*Official
Use
Only*

COMPANY NAME: Harold and Mary Frarer

DBA (if applicable): F & F Water Company

DOCKET NUMBER(s): W-01898A -

INSTRUCTIONS: Please choose the item that best describes the nature of the case/filing.

UTILITIES – NEW APPLICATION

<input type="checkbox"/> New CC&N	<input type="checkbox"/> Interconnection Agreement
<input type="checkbox"/> Extension of CC&N	<input type="checkbox"/> Rates
<input type="checkbox"/> Deletion of CC&N	<input type="checkbox"/> Financing
<input type="checkbox"/> Cancellation of CC&N	<input type="checkbox"/> Formal Complaint
<input type="checkbox"/> Tariff (NEW)	
<input checked="" type="checkbox"/> Miscellaneous - Specify: <u>Application for Approval of the Sale of Assets and/or Transfer of Certificate of Convenience and Necessity</u>	

UTILITIES – REVISIONS/AMENDMENTS/COMPLIANCE

Application	Tariff
Decision No: _____	Promotional: _____
Docket No: _____	Compliance: _____

MISCELLANEOUS FILINGS

<input type="checkbox"/> Affidavit (Publication, Public Notice)	<input type="checkbox"/> Motion to Intervene
<input type="checkbox"/> Request/Motion	<input type="checkbox"/> Notice of Errata
<input type="checkbox"/> Comments	<input type="checkbox"/> Testimony
<input type="checkbox"/> Exception	<input type="checkbox"/> Response / Reply
<input type="checkbox"/> Exhibit(s)	<input type="checkbox"/> Witness List
<input type="checkbox"/> Miscellaneous – Specify: _____	

05/09/2006
Date

Michael F. McNulty, Counsel for St. Davis Springs, L.L.C.
Print name of the person who signed the document
(i.e. Contact Person, Respondent, Attorney, Applicant, etc.)

COPY

ARIZONA CORPORATION COMMISSION

APPLICATION FOR APPROVAL OF THE SALE OF ASSETS AND/OR TRANSFER OF CERTIFICATE OF CONVENIENCE AND NECESSITY

WATER AND/OR SEWER

A. The name, address and telephone number of the Transferor (Company) is:

F & F WATER CO 520-720-4310
HAROLD W FRAREK
3692 S. CURTIS FLATS RD
ST. DAVID, AZ 85630

B. If doing business under a name other than the Transferor (Company) name, specify:

C. The Transferor is a:

<input type="checkbox"/> Corporation: <input type="checkbox"/> "C", <input type="checkbox"/> "S", <input type="checkbox"/> Non-Profit <input type="checkbox"/> Arizona, <input type="checkbox"/> Foreign	<input checked="" type="checkbox"/> Partnership <input type="checkbox"/> Limited, <input type="checkbox"/> General <input type="checkbox"/> Arizona, <input type="checkbox"/> Foreign
<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Limited Liability Company
<input type="checkbox"/> Other (Specify)	

D. List the name, address and telephone number of the attorney for the Transferor.

E. List the name, address and telephone number of management contact:

HAROLD W FRARER

520-720-4310

F. The name, address and telephone number of the Transferee (Company) is:

ST. DAVID SPRINGS, L.L.C.

1600 N. KOLB ROAD, SUITE 118

TULSON, ARIZONA 85715 520-886-1226

G. If doing business under a name other than the Transferee (Company) name, specify:

—

H. List the name, address and telephone number of the attorney for the Transferee.

MICHAEL McNULTY

LEWIS AND ROCA

ONE SOUTH CHURCH AVE, SUITE 700

TULSON, ARIZONA 85701 520-629-4453

I. List the name, address and telephone number of management contact:

ST. DAVID SPRINGS, L.L.C.

1600 N. KOLB ROAD, SUITE 118

TULSON, ARIZONA 85715 520-886-1226

J. (Transferee) List the name, address and telephone number of the on-site manager of the utility:

HAROLD W. FRARER 520-720-4310

3692 S. CURTIS FLATS RD.

ST. DAVID, ARIZONA 85630

K.(Transferee) List the name, address and telephone number of the certified operator as authorized by the Arizona Department of Environmental Quality:

HAROLD W. FRARER

520-720-4310

3692 S. CURTIS FLATS RD.

ST. DAVID, ARIZONA 85630

L. The Transferee is a:

<input type="checkbox"/> Corporation: <input type="checkbox"/> "C", <input type="checkbox"/> "S", <input type="checkbox"/> Non-Profit <input type="checkbox"/> Arizona, <input type="checkbox"/> Foreign	<input type="checkbox"/> Partnership <input type="checkbox"/> Limited, <input type="checkbox"/> General <input type="checkbox"/> Arizona, <input type="checkbox"/> Foreign
<input type="checkbox"/> Sole Proprietorship	<input checked="" type="checkbox"/> Limited Liability Company
<input type="checkbox"/> Other (Specify)	

M. If Transferee is a corporation: - N/A

1. List names of Officers and Directors:

Officers

Directors

2. Indicate the number of shares of stock authorized to issue:

N/A

3. If stock has been issued, indicate the number of shares issued and the date of issue:

N/A

N. If Transferee is a partnership: N/A

1. List the names of general partners:

2. List name, address and telephone number of managing partner:

◆ If Applicant is a foreign limited partnership, provide a copy of the Partnership's "Certificate of Registration" with the Arizona Secretary of State

O. If Transferee is a sole proprietor, list name, address and telephone number of individual: N/A

P. Have all customer security deposits been refunded? Yes ☒ No _____. If no, mark the block below which describes the proposed disposition of security deposits.

____ All security deposits will be refunded at time of closing.

____ All security deposits will be transferred to the Transferee.

☒ Other (explain).

THERE WERE NO SECURITY DEPOSITS.

Q. Are there any refunds due on Main Extension Agreements? Yes ____ No ☒. If Yes, mark the block below which describes the proposed disposition of the refunds.

____ Transferor will continue to refund after the transfer.

____ Transferee will assume the refunding obligations.

____ A full refund will be made at closing by Transferor.

____ Other (explain).

R. (WATER ONLY) Are there any refunds due on meter and service line installations?

Yes ____ No ☒. If Yes, mark the block below that describes the proposed disposition of refunds.

____ Transferor will continue to refund after the transfer.

____ Transferee will assume the refunding obligations.

____ A full refund will be made at closing by Transferor.

____ Other (explain).

S. (Transferee) Attach the following exhibit(s):

1. Copy of bill of sale, purchase contract or other instrument, which conveys the assets to the transferee.
2. Articles of Incorporation (if corporation)
3. By-Laws (if corporation)
4. Certificate of Good Standing (if corporation)
5. Articles of Partnership (if partnership)
6. Articles of Organization (if limited liability company)
7. Corporate Resolution if required by Articles of Incorporation
8. Attach a copy of the transfer of City or County Franchise from the Transferor to Transferee.

T. List names and addresses of any other public utility interest Transferee has:

1. N/A
2. _____

U. Indicate the date that notice of the application was sent, or will be sent to the customers.

May 19, 2006.

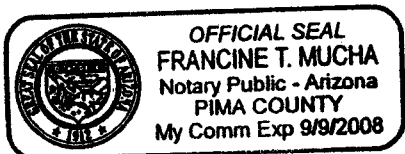
DATED the 24th day of MARCH, 2006

Harold W. Frarer Mary E. Frarer

(Signature of Authorized Representative of Transferor)

Harold W. Frarer, Mary E. Frarer

(Type Name Here)



(Title)

SUBSCRIBED AND SWORN to before me on this 24th day of MARCH 2006

Francine T. Mucha

NOTARY PUBLIC

My Commission Expires 9-9-08

Rodger Ford

(Signature of Authorized Representative of Transferee)

Rodger Ford

(Type Name Here)

Manager

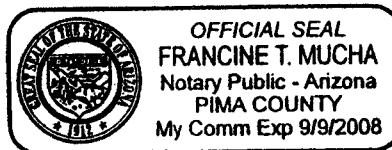
(Title)

SUBSCRIBED AND SWORN to before me on this 17th day of APRIL 2006

Francine T. Mucha

NOTARY PUBLIC

My Commission Expires 9-9-08



Attachment No. 1

**Bill of Sale, together with
Real Estate And Asset Sale and Purchase Agreement**

(follows this page)

BILL OF SALE AND ASSIGNMENT

F&F Water Company/St. David, Arizona

FOR GOOD AND VALUABLE CONSIDERATION RECEIVED, the undersigned Enclave St. David, LLC, an Arizona limited liability company ("Seller"), hereby transfers, assigns, and conveys to St. David Springs, L.L.C., an Arizona limited liability company ("Buyer"), all of Seller's right, title, and interest in and to those Water Company Assets as set for in Section 1.1 of that certain "Real Estate and Asset Sale and Purchase Agreement And Escrow Instructions" dated as of August 9, 2005 (the "Sales Agreement"), together with those items listed on Exhibit A attached hereto and incorporated herein by reference, being the items described as "Inventory" in the Sales Agreement, together with all rights and appurtenances pertaining thereto (collectively, the "Assets").

To have and to hold all of the Assets hereby transferred, assigned and conveyed to Buyer, its successors and assigns, to their own use and behalf forever.

Seller hereby assigns the benefits received by Seller under the Sales Agreement, including the obligations of Harold W. Frarer and Mary E. Frarer to execute and deliver to Buyer all reasonable other and further instruments necessary to vest in Buyer full right, title, and interest in and to the Assets.

This Bill of Sale and covenants and agreements herein contained shall inure to the benefit of Buyer, its successors and assigns, and shall be binding upon Seller, and its successors and assigns.

IN WITNESS WHEREOF, Seller has executed this Bill of Sale as of the 5th day of May, 2006.

SELLER:

Enclave St. David, LLC,
an Arizona limited liability company
By: Startender, L.L.C., Member

By: _____

Name: _____

Title: _____

Rodger Ford
RODGER FORD
MANAGER

EXHIBIT A

ASSETS

- 10,000 gallon Water Storage Tank
- One Water Expansion Tank
- One Gas Engine Ford 300 6 cylinder
- One Electric Expansion Tank Motor Attached to Water Tank
- One Water Gear head Pump attached to Well and Ford engine
- Four water meters, and three customers: three meters connected to homes: M2, M3, and M4, and a 4th Meter, M1, which serves potential RV spaces

REAL ESTATE AND ASSET SALE AND PURCHASE AGREEMENT
AND ESCROW INSTRUCTIONS
Approximately 27 Acres Saint David Farm Land and Water Company Assets

This Real Estate and Asset Sale and Purchase Agreement and Escrow Instructions (this "Agreement") is made and entered into by and between Harold W. Frarer and Mary E. Frarer, husband and wife (collectively, "Seller") and Enclave St. David, LLC, an Arizona limited liability company ("Purchaser").

WITNESSETH:

FOR AND IN CONSIDERATION OF THE MUTUAL COVENANTS contained herein, and other good and valuable consideration, the receipt of which is hereby acknowledged, Seller hereby agrees to sell and Purchaser hereby agrees to purchase and pay for all that certain property hereinafter described in accordance with the following terms and conditions.

1. PROPERTY.

1.1 **Water Company Assets.** Seller is (a) the owner and holder of a Certificate of Convenience and Necessity to operate a public service corporation pursuant to Arizona Corporation Commission Revision No. 46638 for the sale and distribution of water ("Water Company Franchise"); (b) the owner of a water well (Arizona Department of Water Resources registration No. W01-Water Use MU001) ("Well"); (c) the owner of a 12-inch well casing, a water tank of 10,000 to 15,000 gallons, an approximately 600-gallon pressure tank, a bowl pump, gear head, a Ford 300 engine, 6-water meters, miscellaneous distribution water pipe and connections in place (collectively, "Well Facilities"); (d) the owner of a well site comprised of approximately 1,711 square feet of land within which the Well is located as legally described on **Exhibit A** attached hereto and hereby incorporated by reference ("Well Site"); and (e) a party to certain contracts, such as maintenance, inspection, service or utility contracts relating to the water company business conducted by Seller (collectively, "Contracts"). All of the foregoing including without limitation the Water Company Franchise, the Well, the Well Facilities, Well Site and any of the contracts Purchaser elects to assume may be referred to herein collectively as the Water Company Assets.

1.2 **Land, Improvements and Personal Property.** The real property situated in the town of Saint David, Cochise County, Arizona, consisting of approximately 27 acres and legally described on **Exhibit B** attached hereto and hereby incorporated by reference ("Land"), together with (a) any right, title, and interest, if any, of Seller in and to any and all roads, easements, streets, and ways bounding the Land, and rights of ingress and egress thereto; (b) any mineral, water and irrigation rights running with or pertaining to the Land; (c) any rights or interests that may accrue to the benefit of Seller or the Land as a result of the abandonment of any road, street or alleyway adjoining the Land; (d) any improvements of any kind whatsoever situated upon the Land ("Improvements"); and (e) any personal property, tangible or intangible, installed, located and/or used in or about the Land and/or Improvements ("Personal Property").

2. PURCHASE PRICE

2.1 **Payment.** The "Purchase Price" for the Water Company Assets, the Land, the Improvements and the Personal Property shall be Four Hundred and Eighty Thousand Dollars (\$480,000.00).

(a) An Initial Earnest Money check to be delivered to Escrow Agent (as provided in Paragraph 4.2 below): Twenty Five Thousand Dollars (\$25,000)

6. PRE-CLOSING OBLIGATIONS AND CONDITIONS

6.1 **Deliveries of Existing Items.** Seller shall, within ten (10) days after Opening of Escrow, make available to Purchaser for review and copying, all items pertaining to the Water Company Assets, the Land, the Improvements and the Personal Property, but only to the extent that such information or items are in Seller's possession or under Seller's control (the "Existing Items"), including without limitation the following items:

- (a) any surveys of the Wells Site and/or the Land;
- (b) a Phase I environmental site assessment and other environmental reports or notices pertaining to the Well Site and/or the Land; provided that Purchaser acknowledges that a Phase I Report has been completed on the property and is in Purchaser's possession thereby satisfying this requirement;
- (c) all utility bills for the past three (3) years relating to the Water Company Assets and/or the Improvements;
- (d) copies of any contracts pertaining to the operation of the Water Company Assets;
- (e) copies of the books and records reflecting the income generated by and expense incurred with respect to the Water Company Assets for calendar years 2002, 2003, 2004 and year-to-date 2005;
- (f) copies of all orders and invoices reflecting repairs or replacements made to any of the Well Facilities or the Improvements and all inspection reports pertaining to the Well and the Well Facilities for calendar years 2002, 2003, 2004 and year-to-date 2005;
- (g) copies of all maintenance records relating to the Water Company Assets and the Improvements;
- (h) copies of all notices issued by the Arizona Corporation Commission, State or County Department of Health and/or the State Department of Water Resources and/or the State Department of Environmental Quality pertaining to the Water Company Assets;
- (i) copies of all policies of casualty and liability insurance maintained by Seller with respect to the Water Company Assets, the Land, the Improvements and the Personal Property;
- (j) a copy of the layout of the water distribution system comprising a portion of the Well Facilities, together with written confirmation that such system is within public rights-of-ways pursuant to a valid franchise and, if portions thereof are outside of a public right-of-way, valid and recorded easements pertaining thereto;
- (k) copies of all contracts for water service and a schedule identifying all water customers by names and addresses with complete billings for calendar years 2002, 2003, 2004 and year-to-date 2005;
- (l) an inventory of any and all personal property to be conveyed to Purchaser at Closing containing a description sufficient to identify the item, including without limitation the serial or identification number; and
- (m) a copy of the registration of the Well and all filings made in connection therewith with any governmental authority and any inspections thereof, and/or the well casing, pump and distribution system, any pump tests or servicings made thereof and copies of all water quality test results made with respect thereto and including a determination of the level at which ground water is being pumped.
- (j) *All of the contracts pertaining to the Water Company Assets, the Land, the Improvements and the Personal Property (other than water delivery service contracts) entered into by Seller shall be cancelled by Seller prior to the Closing without liability of Purchaser except to the extent that Purchaser shall have given Seller written notice prior to Closing that Purchaser elects to assume such contracts or some of them.*

Purchaser acknowledges, represents, warrants and agrees that: (i) it is purchasing the Water Company Assets, the Land, the Improvements and the Personal Property in an "AS IS, WHERE IS, WITH ALL FAULTS" condition with no representation or warranty of any type or nature being made by Seller;

(ii) that Purchaser has made, or will make, prior to Closing its own independent inspection, environmental audit and investigation of the Water Company Assets, the Land, the Improvements and the Personal Property, its atmospheric, surficial, subterranean, aquatic, engineering and other conditions, characteristics and requirements, including all zoning, American Disability Act compliance, and regulatory matters pertinent to the Water Company Assets, the Land, the Improvements and the Personal Property; (iii) that Purchaser is entering into this Agreement and purchasing the Water Company Assets, the Land, the Improvements and the Personal Property based upon its own inspection, environmental audit and investigation and not in reliance on any statement, representation, inducement or agreement of Seller; and (iv) that any engineering data, soils reports, environmental risk assessment or other information that Seller or any other party may have delivered to Purchaser was furnished without any representation or warranty whatsoever by Seller. Purchaser further acknowledges, represents, warrants and agrees that Seller shall have no responsibility, liability or obligation respecting the Water Company Assets, the Land, the Improvements and the Personal Property subsequent to Closing except to the extent of the falsity of any representation or warranty set forth herein.

11. CLOSING

(e) *Evidence that each of the contracts affecting the Water Company Assets, the Land, the Improvements and/or the Personal Property, if any, has been duly cancelled as of the Closing without liability to the Purchaser, unless otherwise instructed by Purchaser;*

11.6 Possession. *Possession of the Well Site and the Land shall be delivered to Purchaser by Seller at Closing except that Seller shall have the right to continue to reside on the Land and have continued use of all improvements associated therewith on a rent-free basis after the Closing. Seller shall have the right to sublease buildings and shall retain all proceeds from such rent, if any. Possession is subject to the following conditions (all of which shall survive the Closing):*

(a) *At Seller's sole expense, Seller shall operate, maintain and repair the Water Company Assets and the Land (except for individual items of maintenance and repair that cost more than \$500.00, for which Purchaser shall be responsible), and be entitled to collect and retain all net profits from the operation of the Water Company Assets during such time that Seller shall so operate, maintain and repair the Water Company Assets and the Land.*

(b) *Seller shall remove from the Well Site and the Land at no expense to Purchaser and at such time as Seller shall vacate the Land all of Seller's personal belongings and all debris. Purchaser shall have the right to exercise self-help to remove Seller's personal belongings and all debris from the Land in the event that Seller shall fail to do so within thirty (30) days after written notice by Purchaser that Seller do so.*

(c) *Purchaser shall be entitled to terminate Seller's occupation of the Land on at least twelve (12) months prior written notice if Purchaser shall require Seller to so vacate before the third anniversary of the Closing, and on at least thirty (30) days prior written notice if Purchaser shall require Seller to so vacate after the third anniversary of the Closing, and Seller shall so vacate the Land as required by Purchaser. Seller may terminate occupation of the Land on at least twelve (12) months prior written notice to Purchaser should the Seller desire to vacate before the third anniversary of the Closing.*

IN WITNESS WHEREOF, the parties to this Agreement have duly executed as of the dates below indicated.

SELLER:

By: _____

Harold W. Frarer

Date: _____, 2005

By: _____

Mary E. Frarer

Date: _____, 2005

Attachment No. 2
Articles of Organization of St. David Springs, L.L.C.

(follows this page)



01482321

AZ CORPORATION COMMISSION
FILEDARTICLES OF ORGANIZATION
OF
ST. DAVID SPRINGS, L.L.C.

MAR 30 2006

FILE NO. 1-1273984-3

I. NAME

The name of the limited liability company (the "Company") is "St. David Springs, L.L.C."

II. ADDRESS OF REGISTERED OFFICE:
STATUTORY AGENT

The address of the Company's registered office is 1600 N. Kolb Road, Suite 118, Tucson, Arizona 85715, and the name and business address of the Company's agent for service of process is:

Rodger G. Ford
1600 N. Kolb Road, Suite 118
Tucson, AZ 85715

III. NUMBER OF MEMBERS

At the time the company is formed, there will be one (1) Member of the Company.

IV. DURATION

The latest date the Company can dissolve is December 31, 2051.

V. MANAGEMENT

Management of the Company is reserved to the Members.

VI. NAMES AND ADDRESSES OF THE MEMBERS

The following member of the Company owns a twenty percent (20%) or greater interest in the capital or profits of the Company:

Enclave St. David, L.L.C.
1600 N. Kolb Road, #118
Tucson, AZ 85715

IN WITNESS WHEREOF, for the purpose of forming this Company under the laws of the State of Arizona, I, the undersigned, have executed these Articles of Organization on March 27th, 2006.

Rodger G. Ford
Rodger G. Ford

CONSENT OF STATUTORY AGENT

I, Rodger Ford, hereby consent to act in the capacity of statutory agent of St. David Springs, L.L.C. until removed or resignation is submitted in accordance with the laws of the State of Arizona.

Rodger G. Ford
Rodger G. Ford

3-27-06
Date

Attachment No. 3
Operating Agreement of St. David Springs, L.L.C.

(follows this page)

**OPERATING AGREEMENT OF
ST. DAVID SPRINGS, L.L.C.**

Enclave St. David, L.L.C., an Arizona limited liability company, adopts this Operating Agreement (the "Operating Agreement") of St. David Springs, L.L.C., an Arizona limited liability company (the "Company"), and agrees as follows:

1. **Name.** The name of the Company is St. David Springs, L.L.C.
2. **Term.** The duration of the Company shall be perpetual.
3. **Business.** The business of the Company is to provide water and wastewater utilities services and any other activities permitted by law.
4. **Manager.** The name and address of the manager (the "Manager") is as follows:

Enclave St. David, L.L.C.
1600 N. Kolb Road, Suite 118
Tucson, Arizona 85715

5. **Member.** The name and the business address of the sole member (the "Member") is as follows:

Enclave St. David, L.L.C.
1600 N. Kolb Road, Suite 118
Tucson, Arizona 85715

6. The business and affairs of the Company shall be conducted or managed by the Manager. The Manager shall have the power to do any and all acts necessary or convenient to or for the furtherance of the business of the Company, including all powers, statutory or otherwise, possessed by managers of limited liability companies under the laws of the State of Arizona. The Manager has the authority to bind the Company and execute all documents and instruments on its behalf. The Manager may appoint and remove, with or without cause, such officers or agents of the Company as the Manager determines in its discretion.

7. **Capital Contributions.** The Member has made the capital contributions reflected on the books of the Company.

8. **Additional Contribution.** The Member is not required to make any additional contribution to the Company.

9. **Allocations of Profits and Losses.** The Company's profits and losses shall be allocated to the Member.

10. ***Distributions.*** Distributions shall be made to the Member at the times determined by the Manager.

11. ***Assignments.*** The Member may assign in whole or in part such Member's interests in the Company only with the written consent of the Manager, which consent will not be unreasonably withheld.

12. ***Admission of Additional Members.*** Additional members may be admitted to the Company upon the written consent of the Manager and the Member. As a condition to the admission of an additional member or members, the Manager, the Member and the additional members shall enter into an amended and restated operating agreement that reflects their agreement with respect to the operation of the Company.

13. ***Liability of Manager and Member.*** Except to the extent the Manager and the Member on behalf of the Company execute a written guarantee in which they specifically agree to be liable, the Manager and Member shall have no liability for the obligations or liabilities of the Company. The Company shall indemnify the Manager and Member for their actions on behalf of the Company to the extent permitted by law.

14. ***Governing Law.*** This Operating Agreement shall be governed by and construed under the laws of the State of Arizona.

15. ***Amendment*** This Operating Agreement may be amended in a writing signed by the Manager and the Member.

[Signatures on following page]

IN WITNESS WHEREOF, the undersigned, intending to be legally bound hereby, have duly executed this Operating Agreement as of March 31, 2006.

Manager and Member:

Enclave St. David, L.L.C..
an Arizona limited liability company

By: Startender, L.L.C.,
an Arizona limited liability company

Its: Member

By: Rodger Ford
Rodger Ford

Its: Manager

Attachment No. 4
Cochise County Franchise Transfer
(pending)

COPY

AFFIDAVIT OF MAILING

RECEIVED

MAY 19 2006

ARMED CORP. CORP.
PERSONAL/DO

of

**PUBLIC NOTICE OF AN APPLICATION FOR SALE OF ASSETS AND/OR
TRANSFER OF THE CERTIFICATE OF CONVENIENCE AND NECESSITY**

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

HOPE I. BRACKEN, being first duly sworn, states:

1. That she is a Legal Secretary employed by Lewis and Roca LLP, counsel for Goodman Water Company.

2. That she is now, and at all times herein mentioned was, a citizen of the United States, a resident of the State of Arizona, and over the age of twenty-one (21) years, and not the Beneficiary or its successor in interest named in the attached documents.

3. That affiant gave Notice of F & F Water Company's Application for the Sale of Assets and/or the Transfer of the Certificate of Convenience and Necessity to provide water service to St. David Springs, L.L.C., Docket No. W-01898A-06-0326, by certified mail, return receipt requested, to each of the following named person(s), at their respective addresses:

Heather L. Swanson
214 East Summer Lane
St. David, AZ 85630

Harold and Mary Frarer
3692 South Curtis Flats Road
St. David, AZ 85630

Mike Donley
c/o Ambassador Manufacturing, Inc.
3630 South Curtis Flats Road
St. David, AZ 85630

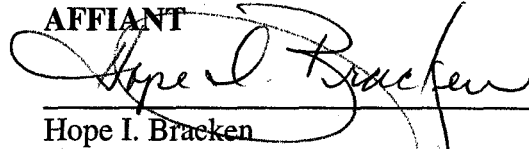
Harold Frarer, Jr.
3694 South Curtis Flats Road
St. David, AZ 85630

Mical Jetter
PO Box 756
St. David, AZ 85630

Ambassador Manufacturing, Inc.
3630 South Curtis Flats Road
St. David, AZ 85630

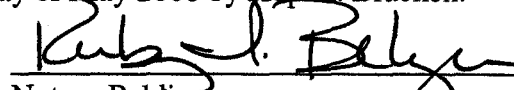
4. That each Notice so mailed was a true copy of said original documents as shown in the attached copies; each was contained in a sealed envelope delivered by certified mail, postage prepaid, and was deposited in the United States Mail on May 19, 2006.

AFFIANT



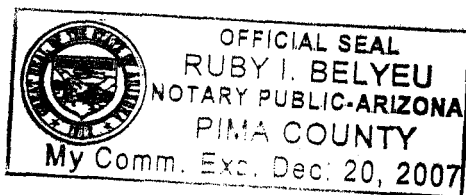
Hope I. Bracken

Acknowledged before me this 19th day of May 2006 by Hope I. Bracken.



Notary Public

My Commission Expires:



PUBLIC NOTICE OF AN APPLICATION
FOR SALE OF ASSETS AND/OR TRANSFER OF THE
CERTIFICATE OF CONVENIENCE AND NECESSITY

BY F & F WATER COMPANY
DOCKET NO. W-01898A-06-0326

F & F Water Company has filed with the Arizona Corporation Commission ("Commission") an application for authority to sell its assets and/or transfer its Certificate of Convenience and Necessity to provide water service to **St. David Springs, L.L.C.** If the application is granted, **St. David Springs, L.L.C.**, would be the exclusive provider of water service to your area. **St. David Springs, L.L.C.**, is under the jurisdiction of the Commission.

If you have any claims against **F & F Water Company**, including claims for refunds of security deposits, service line and meter installations (WATER ONLY) or main extension agreements and you have not already been contacted by the Company, you must present your claim to **F & F Water Company** on or before **Friday, June 16, 2006**. Direct your claim(s) to **F & F Water Company**, 3692 South Curtis Flats Road, St. David, Arizona 85630.

The Commission will hold a hearing on this matter. As a property owner or customer you may have the right to intervene in the proceeding. If you do not want to intervene, you may appear at the hearing and make a statement on your own behalf. You may contact the Commission at the address and telephone number listed below for the date and time of the hearing and for more information on intervention. You may not receive any further notice of the proceeding unless requested by you.

If you have any questions or concerns about this application, have any objections to its approval, or wish to make a statement in support of it, you may contact the Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, Arizona, or call 1-800-222-7000 or 400 West Congress Street, North Building, Suite 218, Tucson, Arizona, or call 1-800-535-0148.

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

0 12281 0962 7390 1276
O 12281 0962 7390 1276
IA \$00.00\$ E

05/19/2006
Mailed From 85701
40 US POSTAGE

Return Receipt Fee
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Restricted Delivery Fee
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PS Form 3800, January 2001 See Reverse for Instructions

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City, State, ZIP+4 ST DAVID AZ 85630
PS Form 3800, June 2002 See Reverse for Instructions

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Return Receipt Fee
(Endorsement Required)

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Restricted Delivery Fee
(Endorsement Required)

Total Postage & Fees \$ 4.64

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Street, Apt. No.,
or PO Box No. 3692 S CURTIS FLATS ROAD
City, State, ZIP+4 ST DAVID AZ 85630
PS Form 3800, January 2001 See Reverse for Instructions

U.S. Postal Service
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O 12281 0962 7390 1276
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Mailed From 85701
40 US POSTAGE

Return Receipt Fee
(Endorsement Required)

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Restricted Delivery Fee
(Endorsement Required)

Total Postage & Fees \$ 4.64

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Street, Apt. No.,
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City, State, ZIP+4 ST DAVID AZ 85630
PS Form 3800, January 2001 See Reverse for Instructions

U.S. Postal Service
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or PO Box No. 3630 S CURTIS FLATS ROAD
City, State, ZIP+4 ST DAVID AZ 85630
PS Form 3800, January 2001 See Reverse for Instructions

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Cover Sheet

*Let's try a man
w/ dark hair
& Jones*

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Only

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COMPANY NAME: F & F Water Company

DBA (if applicable): N/A

DOCKET NUMBER(s): W-01898A-06-0326

INSTRUCTIONS: Please choose the item that best describes the nature of the case/filing.

UTILITIES - NEW APPLICATION

☐ New CC&N
☐ Extension of CC&N
☐ Deletion of CC&N
☐ Cancellation of CC&N
☐ Tariff (NEW)
☐ Miscellaneous - Specify: _____

☐ Interconnection Agreement
☐ Rates
☐ Financing
☐ Formal Complaint

UTILITIES - REVISIONS/AMENDMENTS/COMPLIANCE

Application

Decision No: _____

Docket No: _____

Tariff

Promotional: _____

Compliance: _____

MISCELLANEOUS FILINGS

☒ Affidavit (Publication, Public Notice)
☐ Request/Motion
☐ Comments
☐ Exception
☐ Exhibit(s)
☐ Miscellaneous - Specify: _____

☐ Motion to Intervene
☐ Notice of Errata
☐ Testimony
☐ Response / Reply
☐ Witness List

Public Notice of an Application for Sale of Assets and/or Transfer of the CC&N

05/19/2006

Date


Michael F. McNulty, Attorney

Print name of the person who signed the document
(i.e. Contact Person, Respondent, Attorney, Applicant, etc.)

STATE OF ARIZONA



Office of the CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Director of the Arizona Corporation Commission, do hereby certify that

*****ST. DAVID SPRINGS, L.L.C.*****

a domestic limited liability company organized under the laws of the State of Arizona, did organize on the 30th day of March 2006.

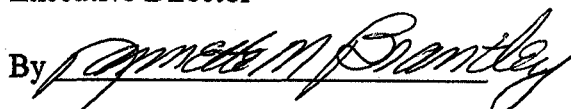
I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said limited liability company is not administratively dissolved for failure to comply with the provisions of A.R.S. section 29-601 et seq., the Arizona Limited Liability Company Act; and that the said limited liability company has not filed Articles of Termination as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 19th Day of June, 2006, A. D.




Executive Director

By 

7

LEWIS
AND
ROCA
ATTORNEYS
COPY

RECEIVED

BEFORE THE ARIZONA CORPORATION COMMISSION

AZ CORP COMMISSION
DOCUMENT CONTROL

KRISTIN K. MAYES
COMMISSIONER

WILLIAM A. MUNDELL
COMMISSIONER

JEFF HATCH-MILLER
CHAIRMAN

MIKE GLEASON
COMMISSIONER

BARRY WONG
COMMISSIONER

IN THE MATTER OF THE APPLICATION)
FOR APPROVAL OF SALE OF)
ASSETS/TRANSFER OF CERTIFICATE OR)
CONVENIENCE AND NECESSITY FROM)
HAROLD & MARY FRARER dba F & F)
WATER COMPANY TO ST. DAVID)
SPRINGS, L.L.C.)

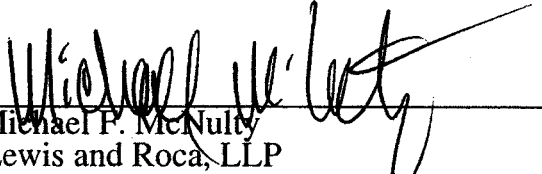
Docket No. W-01898A-06-0326
and
Docket No. W-20460A-06-0326

**FILING OF COCHISE COUNTY
FRANCHISE**

Enclosed is a copy of the Resolution 06-104 adopted on September 12, 2006, by the Cochise County Board of Supervisors at their Formal Board Meeting granting franchise to St. David Springs, L.L.C., and filed with the Cochise County Recorder's Office at Fee #060934866 on September 14, 2006.

RESPECTFULLY SUBMITTED this 10th day of October, 2006.

LEWIS AND ROCA


Michael F. McNulty
Lewis and Roca, LLP
One South Church Avenue, Suite 700
Tucson, Arizona 85701-1611
Attorneys for Worden Water Company

LEWIS
AND
ROCA
LLP
LAWYERS

1 ORIGINAL AND thirteen (13) copies
2 of the foregoing hand-delivered via DHL
3 this 10th day of October, 2006, to

4 Arizona Corporation Commission
5 Utilities Division – Docket Control
6 1200 W. Washington Street
7 Phoenix, Arizona 85007

8 COPY of the foregoing delivered via U.S. Mail
9 this 10th day of October, 2006, to:

10 St. David Springs, L.L.C.
11 1600 North Kolb Road, Suite 118
12 Tucson, AZ 85715

13 F & F Water Company
14 3630 S. Curtis Flats Road
15 St. David, AZ 85630

16 By: 

17 Hope I. Bracken
18 Secretary to Michael F. McNulty
19
20
21
22
23
24
25
26

CERTIFICATE OF CLERK

I, Katie A. Howard, Clerk of the Board of Supervisors of Cochise County, Arizona, do hereby certify that the foregoing excerpt from the minutes of the meeting of the Board of Supervisors of Cochise County, Arizona, held on September 12, 2006, constitutes a true and correct copy of the said minutes insofar as they relate to the Application of St. David Springs, L.L.C., for a water franchise in the County and to the granting of said water franchise pursuant to the resolution hereinabove set out, all as appears in the official records of the Board of Supervisors.

IN WITNESS WHEREOF, I have set my hand and official seal of the Board of Supervisors of Cochise County, Arizona, this 2nd day of October, 2006.

Katie A. Howard

CLERK, BOARD OF SUPERVISORS

COCHISE COUNTY, ARIZONA

Board of Supervisors

Richard R. Searle
Chairman
District 3

Patrick G. Call
Vice-Chairman
District 1

Paul Newman
District 2



Jody N. Klein
County Administrator

James E. Vlahovich
Deputy County Administrator

Katie A. Howard
Clerk

OFFICE OF THE BOARD OF SUPERVISORS

OF COCHISE COUNTY, BISBEE, ARIZONA

RESOLUTION NO. 06 - 104 GRANTING FRANCHISE

KNOW ALL MEN BY THESE PRESENTS, THAT,

WHEREAS, St. David Springs, L.L.C., has applied and petitioned, pursuant to A.R.S. Section 40-283, to the Board of Supervisors of Cochise County, Arizona, for the right, privilege, license, and franchise to construct, install, operate, and maintain along, over, under and across the streets, alleys, and highways, within the County, facilities for the purpose of maintaining and operating water lines and all other facilities pertinent to the transmission, delivery and sale of water for domestic and commercial consumers, as may be approved by the Arizona Corporation Commission; and

WHEREAS, the Board of Supervisors ordered that public notice be given in the manner provided by A.R.S. Section 40-283, of the filing of said Application and of the intention of the Board to grant said Application, and fixed, Tuesday, September 12, 2006 at 09:00 A.M. at the regular meeting place of the Board in the City of Bisbee, Arizona, as the time and place for the consideration of the matter; and

WHEREAS, it appears from the affidavit of publication of the Sierra Vista Herald that due and regular notice of said date, time, and place set for the consideration of such action has been published once a week for three (3) consecutive weeks prior to the said date of the hearing, to-wit: in the issues of the 24th day of August, 2006; the 31st day of August, 2006; and the 7th day of September, 2006, of said newspaper, and the matter being called at 09:00 o'clock A.M., and it appearing that the Board of Supervisors has not received a petition signed by more than 50% of the qualified electors of said County asking the Board to deny said Application on or before the date set for consideration thereof; and

WHEREAS, said Application came on regularly to be heard on the 12th day of September before the Board of Supervisors of Cochise County, and the Board considered the Application for the franchise;

060934866

NOW, THEREFORE, it being determined by the Board of Supervisors of Cochise County that the grant of this franchise is regular, proper, authorized by law and in the best interest of Cochise County, and the inhabitants thereof;

NOW, THEREFORE, IT IS HEREBY ORDAINED:

1. That this Board of Supervisors of Cochise County, Arizona, acting for and on behalf of said County (the "County"), does hereby grant unto St. David Springs, L.L.C., (hereinafter called "Grantee") for the right, privilege, license, and franchise to construct, install, operate, and maintain along, over, under and across the streets, alleys, and highways, within the County, facilities for the purpose of maintaining and operating water lines and all other facilities pertinent to the transmission, delivery and sale of water for domestic and commercial consumers, and to construct, install, maintain, and operate a sewer system and all other facilities pertinent to the transportation and disposal of sewer for domestic and commercial consumers or entities of Cochise County, exclusive of State highways and those areas within the corporate boundaries of any city or town. This grant is subject to the terms, conditions, and limitations expressed below or incorporated herein by reference.
2. The County reserves the right to impose future restrictions and limitations upon the exercise of the rights granted herein as it deems best for the public safety and welfare. The Grantee is further required to comply with all lawful applicable ordinances of Cochise County regulating the conduct of work within the public rights-of-way; as such ordinances are now enacted or may be amended or adopted from time to time.
3. The franchise granted hereby shall not be exclusive, and nothing herein shall be construed to prevent the County from granting other like or similar franchises to any other person, firm, or corporation.
4. The Grantee shall bear all expenses, including damages and compensation for the alteration of the direction, surface, grade, or alignment of a public roadway, which may arise in connection with its exercise of the rights granted herein.
5. The Grantee shall erect, construct, and maintain all facilities authorized herein in a good and workmanlike manner and in compliance with all valid laws, ordinances, and regulations, which may be in, force from time to time. All such work shall be performed in such a manner as may be necessary to avoid any unreasonable damage, disturbance, or modification to existing public rights-of-ways, including roads, streets, highways, bridges, borrow ditches or shoulders thereon.
6. The Grantee shall, immediately upon erecting, constructing, replacing or repairing its facilities, or any part

060934866

thereof, at its own cost and expense, restore any effected public right-of-way, including any road, street, highway, bridge, borrow ditch or shoulder thereon, to not less than the same condition which existed prior to the Grantee's action.

7. The County does not waive or relinquish any rights it may have to the full and complete use of the public rights-of-way subject to this franchise, whether for road purposes or otherwise. In the event that the location of the Grantee's facilities may interfere or conflict with the County's use, expanded use, improvement, or maintenance of the County's rights-of-way, the County may require the Grantee to relocate, at the Grantee's expense, all facilities which give rise to such interference or conflict. The County will provide the Grantee with reasonable notice of any relocation requirement and will provide a reasonable period of time for the Grantee to perform such relocation.

8. The Grantee assumes the responsibility for all liability for any injury or damage to any person or property, or to the road and right-of-way itself, caused by or arising out of the exercise of the rights granted herein and attributable to any act or commission of the Grantee. The Grantee shall indemnify, defend and hold harmless Cochise County, its officers, departments, employees and agents from and against any and all suits, actions, legal or administrative proceedings, claims, demands or damages of any kind or nature, including all costs of legal defense, arising out of the exercise of these rights which are attributed to any act or omission of the Grantee, its agents, employees, or anyone acting under its direction, control or on its behalf.

9. This franchise is granted for a term of twenty-five (25) years from the date of its authorization by the County. This franchise may not be sold, leased, assigned, or conveyed without the express consent of the County, which consent shall not be unreasonably withheld.

10. The County reserves the right to alter or amend the terms of this franchise in any manner necessary to protect the safety or welfare of the public or the public interest. This reservation includes, but is not limited to, the authority to impose such franchise fee, rental or use payments, or other form of compensation or assessment as the County may be authorized, now or in the future, to impose under the laws of the State of Arizona.

11. This franchise may be terminated by the County in the event that the Grantee fails to comply with the terms and conditions of this franchise. The Board of Supervisors, or its designee, shall provide the Grantee with written notice of noncompliance and allow the Grantee a period of not less than thirty (30) days to remedy any breach. If the Grantee continues to fail to comply with the terms of this franchise after this notice and remedy period, the Board of Supervisors may revoke all rights granted herein and render this franchise null and void.

060934866

12. Upon termination of the franchise, whether by expiration of its term, or for cause, or by voluntary abandonment, and after written notice from the County, the Grantee shall remove all of its facilities installed pursuant to the rights granted herein within one hundred eighty (180) days of such termination, and shall repair any damages caused thereby. All such facilities which are not removed within this period shall be deemed to be abandoned and shall become the property of the County.

13. This franchise will not be effective for any purpose until the Grantee has indicated its acceptance in writing below.

14. The rights, privileges, and franchise granted herein are made pursuant to the laws of Arizona, including A.R.S. 40-283, which are incorporated herein by reference.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Cochise, State of Arizona, has caused these presents to be executed and signed by the Chairman of the Board of Supervisors on this 12th day of September, 2006.

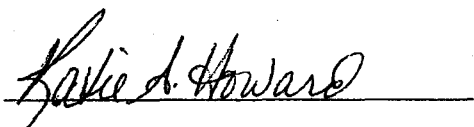
BOARD OF SUPERVISORS

COUNTY OF COCHISE:



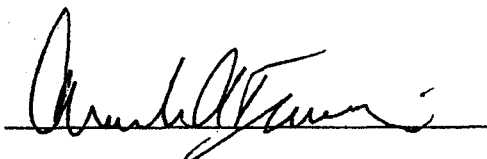
Chairman

ATTEST:



Clerk, Board of Supervisors

APPROVED AS TO FORM:



Deputy County Attorney



FEE # 060934866
OFFICIAL RECORDS
COCHISE COUNTY
DATE 09/14/06 HOUR 4
REQUEST OF
COCHISE COUNTY BOARD OF SUPV
CHRISTINE RHODES-RECORDER
FEE :
PAGES : 6

060934866

ST DAVID SPRINGS, L.L.C.
LEGAL DESCRIPTION

Sections 20, 21, 22, 26, 27, 28, 29, 32, 33, 34, and 35 of Township 18 South, Range 21 East; and Sections 1, 2, 3, 4, and 5 of Township 19 South, Range 21 East of the Gila and Salt River Base and Meridian, Cochise County, Arizona

060934866

ACCEPTANCE OF FRANCHISE

This is to certify that the Grantee, St. David Springs, L.L.C., has on the 28th day of August, 2006,

accepted the foregoing franchise. Grantee agrees that it will be bound by, observe, and carry out the terms and conditions of such franchise.

Dated: 8/28/06

GRANTEE: St. David Springs, L.L.C.

By: Enclave St. David, L.L.C., Manager

By: Starrander, L.L.C., Member

Rodger Ford

By: Rodger Ford

Title: Manager

COPY

AFFIDAVIT OF MAILING

RECEIVED

of

2006 OCT 26 P 12:55

PUBLIC NOTICE OF HEARING ON THE APPLICATION OF
HAROLD AND MARY FRARER DBA F & F WATER COMPANY
FOR APPROVAL TO SELL ASSETS AND TRANSFER ITS CERTIFICATE OF
CONVENIENCE AND NECESSITY TO ST. DAVID SPRINGS LLC

COMMISSION
DOCUMENT CONTROL

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

HOPE I. BRACKEN, being first duly sworn, states:

1. That she is a Legal Secretary employed by Lewis and Roca LLP, counsel for St. David Springs, L.L.C.

2. That she is now, and at all times herein mentioned was, a citizen of the United States, a resident of the State of Arizona, and over the age of twenty-one (21) years, and not the Beneficiary or its successor in interest named in the attached documents.

3. That affiant gave Public Notice of the Hearing on the Application of Harold and Mary Frarer dba F&F Water Company for approval to sell assets and transfer its Certificate of Convenience and Necessity to St. David Springs, L.L.C., Docket No. W-01898A-06-0326 and Docket No. W-20460A-06-0326, by certified mail, return receipt requested, to each of the following named person(s), at their respective addresses:

Heather L. Swanson
1088 East Summers Lane
St. David, AZ 85630

Harold and Mary Frarer
3692 South Curtis Flats Road
St. David, AZ 85630

Mike Donley
982 East Summers Lane
St. David, AZ 85630

Harold Frarer, Jr.
3694 South Curtis Flats Road
St. David, AZ 85630

Ambassador Manufacturing, Inc.
3630 South Curtis Flats Road
St. David, AZ 85630

4. That each Notice so mailed was a true copy of said original documents as shown in the attached copies; each was contained in a sealed envelope delivered by certified mail, postage prepaid, and was deposited in the United States Mail on October 20, 2006.

AFFIANT

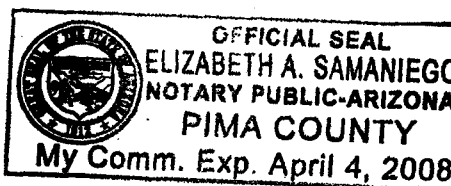
Hope I. Bracken
Hope I. Bracken

Acknowledged before me this 20th day of October 2006 by Hope I. Bracken.

Elizabeth A. Samaniego
Notary Public

My Commission Expires:

April 4, 2008



PUBLIC NOTICE OF HEARING ON THE
APPLICATION OF HAROLD AND MARY FRARER
DBA F & F WATER COMPANY
FOR APPROVAL TO SELL ASSETS AND
TRANSFER ITS CERTIFICATE
OF CONVENIENCE AND NECESSITY TO
ST. DAVID SPRINGS LLC

Docket No. W-01898A-06-0326

Docket No. W-20460A-06-0326

On May 10, 2006, Harold and Mary Frarer dba F & F Water Company ("F&F") filed an application with the Arizona Corporation Commission ("Commission") for approval of the sale of its assets and transfer of its Certificate of Convenience and Necessity to St. David Springs LLC. If the Application is granted, St. David Springs LLC will be the exclusive provider of water service in F&F's service territory, and will be required by the Commission to provide service under rates and charges and terms and conditions established by the Commission. The Application is available for inspection during regular business hours at the offices of the Commission in Phoenix, at 1200 West Washington Street, Phoenix, Arizona, in Tucson, at 400 West Congress St., Suite 218, Tucson, Arizona or on the Commission's website, azcc.gov, by using the eDocket link, as well as at the offices of F&F Applicant, 3692 South Curtis Flats Road, St. David, Arizona 85630.

The Commission will hold a hearing on this matter beginning **November 29, 2006, at 10:00 a.m.**, at the Commission's offices, Room 131, 400 West Congress Street, Tucson, Arizona. Public comment will be taken at the beginning of the hearing.

The law provides for an open public hearing at which, under appropriate circumstances, interested persons may intervene in the proceedings and participate as a party. You may have the right to intervene in the proceeding. Intervention will be in accordance with A.A.C. R14-3-105, except that all motions to intervene must be filed on or before **November 15, 2006**. Persons desiring to intervene must file a written motion to intervene with the Commission and send such motion to Applicant or its counsel and to all parties of record. The motion must, at the minimum, contain the following:

1. The name, address, and telephone number of the proposed intervenor and of any party upon whom service of documents is to be made if different from that of the intervenor.
2. A short statement of the proposed intervenor's interest in the proceeding (e.g., a customer or potential customer of the Applicant, a shareholder of the Applicant, etc.).
3. A statement certifying that a copy of the motion to intervene has been mailed to the Applicant or its counsel and to all parties of record in the case.

The granting of intervention, among other things, entitles a party to present sworn evidence at the hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any interested persons or entity from appearing at the hearing and providing public comment on the applications. You will not receive any further notice of this proceeding unless you request it. Comments may also be made by writing to the Commission in care of Docket Control, 1200 W. Washington, Phoenix, Arizona 85007. All correspondence should contain the Docket Nos. W-01898A-06-0326 and W-20460A-06-0326.

If you have any questions about this application, you may contact **F & F Water Company**, 3692 South Curtis Flats Road, St. David, Arizona 85630 (520-721-4310). If you want further information on intervention or have questions on how to file comments, you may contact the Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, Arizona 85007 or call 1-800-222-7000.

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting Linda Hogan, ADA Coordinator, voice phone number 602-542-3931, E-mail LHogan@cc.state.az.us. Requests should be made as early as possible to allow time to arrange the accommodation.

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or PO Box No. **3630 S. CURTIS FLATS ROAD**
City, State, ZIP+4® **ST. DAVID AZ 85630**
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Street, Apt. No.,
or PO Box No. **3692 S. CURTIS FLATS ROAD**
City, State, ZIP+4® **ST. DAVID AZ 85630**
PS Form 3800, June 2002 See Reverse for Instructions

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PS Form 3800, June 2002 See Reverse for Instructions

Cover Sheet

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COMPANY NAME: F & F Water Company

DBA (if applicable): N/A

DOCKET NUMBER(s): W-01898A-06-0326 and W-20460A-06-0326

INSTRUCTIONS: Please choose the item that best describes the nature of the case/filing.

UTILITIES – NEW APPLICATION

☐ New CC&N
☐ Extension of CC&N
☐ Deletion of CC&N
☐ Cancellation of CC&N
☐ Tariff (NEW)
☐ Miscellaneous - Specify: _____

☐ Interconnection Agreement
☐ Rates
☐ Financing
☐ Formal Complaint

UTILITIES – REVISIONS/AMENDMENTS/COMPLIANCE

Application

Decision No:

Docket No:

Tariff

Promotional:

Compliance:

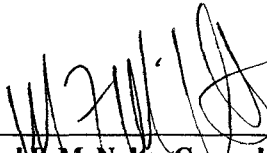
MISCELLANEOUS FILINGS

☒ Affidavit (Publication, Public Notice)
☐ Request/Motion
☐ Comments
☐ Exception
☐ Exhibit(s)
☐ Miscellaneous - Specify: _____

☐ Motion to Intervene
☐ Notice of Errata
☐ Testimony
☐ Response / Reply
☐ Witness List

10/20/2006

Date


Michael F. McNulty, Counsel for St. David Springs LLC
Print name of the person who signed the document
(i.e. Contact Person, Respondent, Attorney, Applicant, etc.)

ORIGINAL
SWIDLER BERLIN SHEREFF FRIEDMAN



THE WASHINGTON HARBOUR
3000 K STREET, NW, SUITE 300
WASHINGTON, DC 20007-5116
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50

August 13, 2004

**VIA ELECTRONIC MAIL
& OVERNIGHT DELIVERY**

Arizona Corporation Commission
DOCKETED

AUG 16 2004

Docket Control Center
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007-2927

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AZ CORP COMMISSION
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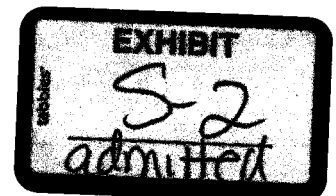
Re: **Docket Nos. T-04011A-03-0749, T-03777A-03-0749: In The Matter of The Joint Application of Touch America, Inc. to Sell and Transfer To 360networks (USA) inc. Certain Lit Fiber Assets In Arizona – Compliance Filing of 360networks (USA) inc. – Proof of Performance Bond**

To Docket Control:

360networks (USA) inc. ("360networks"), by its undersigned counsel, respectfully submits the attached copy of a \$100,000 performance bond, which was procured by 360networks, as principal, from BankOne, as surety, on August 9, 2004. 360networks submits this filing in compliance with Decision No. 66737, issued by the Commission on January 20, 2004, in the above-captioned proceeding.

By way of background, Decision No. 66737 conditionally granted the above-referenced application upon, among other things, 360networks filing within thirty (30) days of the Decision, proof of a \$100,000 performance bond. By Procedural Order issued on May 24, 2004, the administrative law judge granted 360networks's motion for an extension of time to file the performance bond, ordering 360networks to file the performance bond as ordered in the Decision on or before August 4, 2004. Due to technical difficulties in procuring the bond, 360networks requested, by letter to the Commission dated August 4, 2004, a ten (10) day extension of time from August 4, 2004 until August 13, 2004, to file proof of the performance bond.¹

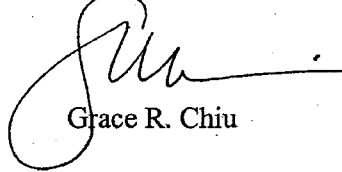
¹ Counsel to 360networks also informally notified the Commission of its filing of a request for a 10-day extension. Specifically, on August 4, 2004, the undersigned counsel spoke with Mr. John Bostwick of the Utilities Division, informing him of the request; counsel also left a voice message for Ms. Lyn Farmer, Chief Administrative Law Judge, advising of 360networks' request.



Arizona Corporation Commission
Docket Control
August 13, 2004
Page 2

An original and fifteen (15) copies of this filing are enclosed. Kindly date-stamp the enclosed extra copy of this filing and return it in the self-addressed, postage paid envelope provided. Should you have any questions regarding this filing, please contact the undersigned.

Respectfully submitted,



Grace R. Chiu

Counsel to 360networks (USA) inc.

Attachment

cc (via e-mail):

Ms. Lyn Farmer (ACC)
Mr. John Bostwick (ACC)
Mr. Gary Ray (360)
Mr. Michael W. Patten (RDH)

BOND FOR UTILITY USERS

KNOW ALL MEN BY THESE PRESENTS: That we, 360networks(USA)inc, Principal, and BankOne as Surety are jointly and severally bound unto the users of Principal in the sum of \$ 100,000, lawful money of the United States of America, to be paid as hereinafter provided for which payment will and truly to be made, we bind ourselves, and each of our successors and assigns, jointly and severally be these presents.

THE CONDITIONS OF THIS OBLIGATION ARE THAT: Whereas, the above bounden Principal has contracted with the users of the Principal for the furnishing of competitive telecommunications service.

NOW THEREFORE, if the said Principal, or any assigns of his fails to provide competitive telecommunications services so furnished, the said Surety will pay the same to the users of the Principal with the consent of the Arizona Corporation Commission as Trustee, an amount not exceeding the sum hereinabove specified.

THE BOND SHALL REMAIN IN FULL FORCE and effect until cancelled by mutual agreement of the Arizona Corporation Commission, the Principal and the Surety. The Surety's Liability shall be terminated and bond cancelled upon written notice of the cancellation by the Surety to the Principal with a copy to the Arizona Corporation Commission no less than thirty days prior to the cancellation date. Notice to the Principal shall be by certified mail in a sealed envelope with the postage prepaid. Proof of notice to the Principal shall be made available to the Arizona Corporation Commission upon request. IN WITNESS Whereof, we have caused these presents to be executed this 4th day of August, 2004.


360networks(USA)inc (Principal)

360networks(USA)inc (Principal)

Attest:

BOND FOR UTILITY USERS

KNOW ALL MEN BY THESE PRESENTS: That we, 360networks(USA)inc, Principal, and BankOne as Surety are jointly and severally bound unto the users of Principal in the sum of \$ 100,000, lawful money of the United States of America, to be paid as hereinafter provided for which payment will and truly to be made, we bind ourselves, and each of our successors and assigns, jointly and severally be these presents.

THE CONDITIONS OF THIS OBLIGATION ARE THAT: Whereas, the above bounden Principal has contracted with the users of the Principal for the furnishing of competitive telecommunications service.

NOW THEREFORE, if the said Principal, or any assigns of his fails to provide competitive telecommunications services so furnished, the said Surety will pay the same to the users of the Principal with the consent of the Arizona Corporation Commission as Trustee, an amount not exceeding the sum hereinabove specified.

THE BOND SHALL REMAIN IN FULL FORCE and effect until cancelled by mutual agreement of the Arizona Corporation Commission, the Principal and the Surety. The Surety's liability shall be terminated and bond cancelled upon written notice of the cancellation by the Surety to the Principal with a copy to the Arizona Corporation Commission no less than thirty days prior to the cancellation date. Notice to the Principal shall be by certified mail in a sealed envelope with the postage prepaid. Proof of notice to the Principal shall be made available to the Arizona Corporation Commission upon request. IN WITNESS Whereof, we have caused these presents to be executed this

9 day of August, 2004.



360networks(USA)inc (Principal)

360networks(USA)inc (Principal)

Attest:

BOND FOR UTILITY USERS

KNOW ALL MEN BY THESE PRESENTS: That we, 360networks(USA) inc.
as Principal, and Bank One

as Surety are jointly and severally bound unto the users of
Principal in the sum of \$ 100,000.00 lawful money of the United States of America, to
be paid as hereinafter provided for which payment will and truly to be made, we bind
ourselves, and each of our successors and assigns, jointly and severally by these presents.

THE CONDITIONS OF THIS OBLIGATION ARE THAT: Whereas, the above
bounden Principal has contracted with the users of the Principal for the furnishing of
telecommunications service.

NOW THEREFORE, if the said Principal, or any assigns of his fails to provide
telecommunications services so furnished, the said Surety will pay the same to the users
of the Principal with the consent of the Arizona Corporation Commission as Trustee, an
amount not exceeding the sum herein above specified.

THE BOND SHALL REMAIN IN FULL FORCE and effect until cancelled by mutual
agreement of the Arizona Corporation Commission, the Principal and the Surety. The
Surety's liability shall be terminated and bond cancelled upon written notice of the
cancellation by the Surety to the Principal with a copy to the Arizona Corporation
Commission no less than thirty days prior to the cancellation date. Notice to the Principal
shall be by certified mail in a sealed envelope with the postage prepaid. Proof of notice
to the Principal shall be made available to the Arizona Corporation Commission upon
request. IN WITNESS Whereof, we have caused these presents to be executed this
9th day of August 2004.

(Principal)

BY. Bank One

201 N Central AZ 1285, Phx AZ 86004

Robert M. [Signature]
Bank One (Surety)

Am?&
